United Nations A/72/337

General Assembly

Distr.: General
15 August 2017

Original: English

Seventy-second session
Item 137 of the provisional agenda*
Proposed programme budget for the biennium 2018-2019

Proposed United Nations Secretariat contribution to the United Nations Development Group cost-sharing arrangement for the resident coordinator system

Report of the Secretary-General

Summary

The present report is submitted in response to paragraph 3 of part V of General Assembly resolution 71/272 B on special subjects relating to the programme budget for the biennium 2016-2017, in which the Assembly endorsed the conclusions and recommendations contained in the related report of the Advisory Committee on Administrative and Budgetary Questions (A/70/7/Add.48), took note of paragraph 25 (b) of the report of the Advisory Committee, underlined the importance of the resident coordinator system and requested the Secretary-General to present to the General Assembly at its seventy-second session a refined proposal on the cost-sharing arrangement and management of the financing thereof, and to submit associated costs in the proposed programme budget for the biennium 2018-2019.

In paragraph 58 of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, the General Assembly requested the Secretary-General to prepare a comprehensive proposal on further improvements to the resident coordinator system administered by the United Nations Development Programme (UNDP), with a view to ensuring, at all levels, sufficient leadership and prerogative over the United Nations country team, as well as impartiality, independence, funding and a proper dispute resolution mechanism, and to present it to the Economic and Social Council at the end of 2017 for its review and recommendations and to the General Assembly at its seventy-second session for further action.

Pending the preparation of that comprehensive proposal and with a view to ensuring critical business continuity of the resident coordinator system, the United Nations Development Group has agreed on an interim funding arrangement for the biennium 2018-2019, whereby member entities of the Group are requested to contribute the same annual cost-sharing amount that they were expected to contribute

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in 2017. In defining this approach, the Group has considered that any sustainable refinements to the current arrangement should be informed by the outcome of the ongoing review of the United Nations development system, including its resident coordinator system. The current formula would be adjusted, as required, following consideration by Member States of the proposals to be delivered by the Secretary-General by December 2017.

In the meantime, to ensure the sustainability and continuity of the resident coordinator system, the General Assembly is requested to approve the contribution of the United Nations Secretariat to the resident coordinator system of $13,571,800 and in this regard decides to increase the appropriation of $13,321,574 under section 9 on economic and social affairs, of the proposed programme budget for the biennium 2018-2019, by the amount of $250,226, as requested in the present report.

I. Introduction

1. The proposal for United Nations Secretariat support for the United Nations resident coordinator system was first presented in the report of the Secretary-General on revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council during its 2014 session (A/69/535), pursuant to Economic and Social Council resolution 2014/14 on progress in the implementation of General Assembly resolution 67/226 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system.

2. The Advisory Committee on Administrative and Budgetary Questions, in its related report (A/69/609), stressed that the General Assembly had not yet considered the cost-sharing arrangement for the resident coordinator system. The Assembly, in its resolution 69/262, stated that it looked forward to receiving all relevant information on the resource requirements for the arrangement in the proposed programme budget for the biennium 2016-2017.

3. The proposed programme budget for the biennium 2016-2017 for the Department of Economic and Social Affairs (A/70/6 (Sect. 9)) included a proposal to cover the United Nations Secretariat contribution to the resident coordinator system. However, the General Assembly, in its resolution 70/247, requested the Secretary-General to provide further detailed information during the first part of its resumed seventieth session.

4. As requested by the General Assembly in resolution 70/247, the Secretariat presented a report on its proposed contribution to the cost-sharing arrangement for the resident coordinator system (A/70/703), in which the Assembly was requested to appropriate $13,321,574 to cover the contribution of the Secretariat to that system. However, in its report (A/70/7/Add.48), the Advisory Committee noted that it was not clear how the cost-sharing formula reflected the requirement for contributions to reflect the direct involvement of each participating entity based on the proportion of services used. The Committee also noted the absence of a unified mechanism for intergovernmental consideration of all aspects of the cost-sharing arrangement, including the global budget of the resident coordinator system. In that context, the Committee recommended that the Secretary-General submit a new report on the cost-sharing arrangement for consideration and approval by the Assembly. In the interim, the Committee recommended the approval of $6,535,653, which would ensure funding for the resident coordinator system for the year 2016, while allowing time for the Secretary-General to refine his proposal and resubmit it to the General Assembly for consideration.

5. The General Assembly endorsed the conclusions and recommendations of the Advisory Committee, subject to noting the recommendation to approve $6,535,653 in the interim, underlined the importance of the resident coordinator system and requested the Secretary-General to present to the Assembly, at its seventy-second session, a refined proposal on the cost-sharing arrangement and management of the financing of the resident coordinator system, and submit associated costs in the proposed programme budget of 2018-2019.

6. An amount of $13,321,574 was presented for the contribution of the United Nations Secretariat to the resident coordinator system in the proposed programme budget for the Department of Economic and Social Affairs for 2018-2019 (A/72/6 (Sect. 9)); the amount of $13,321,574 was based on the 2016-2017 contribution level to the cost-sharing arrangement of the United Nations Development Group, according to which the United Nations Secretariat was expected to contribute $6,535,653 in 2016 and $6,785,921 in 2017. The 2017 contribution level reflects an adjustment for International Civil Service Commission (ICSC) pro forma staff costs.

7. For the 2018-2019 biennium, the global budget for the resident coordinator system will be maintained at zero growth without ICSC pro forma adjustment. The expected contribution from the United Nations Secretariat remains at the 2017 contribution level of $6,785,921. In the present report, the originally proposed amount for the biennium 2018-2019 is updated accordingly to $13,571,800, reflecting an increase of $250,226.

II. Importance of the resident coordinator system

8. United Nations resident coordinators serve as representatives of the Secretary-General at the country level, thereby supporting initiatives well beyond the United Nations development system. In 2016, 129 resident coordinators led the work of 131 United Nations country teams in support of 165 countries and territories where the United Nations development system has a programme and policy presence.

9. As outlined in paragraphs 6 to 13 of the previous report of the Secretary-General (A/70/703), the United Nations resident coordinator system is the cornerstone of a coherent United Nations system that is "fit for purpose" to deliver integrated support to Governments and to support the Secretary-General, United Nations Secretariat entities and United Nations regional and country operations.

10. In paragraph 54 of its resolution 71/243, on the quadrennial comprehensive policy review of operational activities for development of the United Nations, the General Assembly recognized the important role of the resident coordinator system in supporting government efforts, including for the achievement of the 2030 Agenda for Sustainable Development, by improving the efficiency and effectiveness of operational activities for development at the country level through the promotion of strategic support for national plans and priorities, enhancing sustainable development results and thereby making operations more coherent and efficient, while also reducing costs at the country level.

III. System-wide cost-sharing agreement in support of the resident coordinator

11. In its resolutions 67/226 and 71/243, the General Assembly requested the Secretary-General to ensure appropriate funding support for the resident coordinator system, including through an effective and fair cost-sharing arrangement among United Nations development system entities, based on the cost of the coordination functions performed.

12. In response to the request of the General Assembly, the United Nations Development Group has been implementing a system-wide cost-sharing agreement in support of the resident coordinator system since January 2014, in order to ensure that resident coordinators and United Nations country teams have the necessary stable and predictable resources to fulfil their mandate effectively.

13. Under the above-mentioned agreement, UNDP, as manager and host of the resident coordinator system, continues to fund the "backbone" costs of the resident coordinator system at the global, regional and country levels. The "backbone" consists of the salaries of resident coordinators, the infrastructure to support them and some costs at the regional and global level of the system, all of which amount to approximately $90 million annually.

14. The system-wide cost-sharing agreement of the United Nations Development Group supplements the UNDP "backbone" and funds core coordination capacity in

resident coordinator offices, the six regional Group teams and the United Nations Development Operations Coordination Office with the total planned amount of approximately $35.9 million annually as an investment in the ability of the system to deliver integrated and joined-up support for the 2030 Agenda for Sustainable Development.

15. Member entities of the United Nations Development Group are expected to contribute to the system-wide cost-sharing agreement according to an agreed formula (see annex). With the exception of the United Nations Secretariat, all member entities have contributed to the sharing the cost, although some members have contributed less than their apportioned shares. In 2016, the overall funding gap amounted to $8.4 million, which included a shortfall of $6.5 million for the Secretariat. For 2017, the overall funding gap is $7.8 million, which includes a shortfall of $6.8 million for the Secretariat.

16. In paragraph 44 of its resolution 70/221 on operational activities for development of the United Nations system, the General Assembly reiterated the importance of the cost-sharing agreement for the resident coordinator system and strongly requested the organizations of the United Nations development system that had not already done so to take appropriate actions to implement the agreement, subject to the approval of their governing bodies and without impacting on programme delivery, including by paying their contributions in full. The Assembly notes that it had yet to approve the contribution of the Secretariat to the agreement and reiterated its request to the Secretary-General to include in his regular reporting to the Economic and Social Council updates on agency-specific progress in that regard.

IV. Review of the system-wide cost-sharing agreement in support of the resident coordinator system

17. In paragraph 45 of its resolution 70/221 on operational activities for development of the United Nations system, the General Assembly requested the Secretary-General, with a view to addressing the funding gap expected for the resident coordinator system, and in consultation with all the organizations of the United Nations development system, to make proposals to the Economic and Social Council during the segment on operational activities of its substantive session of 2016 on ways to further develop the cost-sharing agreement in order to address the effective needs of the system.

18. The United Nations Development Group commissioned an independent review of the cost-sharing agreement to ensure efficiencies and determine how best to ensure a stable and sustainable funding arrangement for the resident coordinator system. The review will help to inform the quadrennial comprehensive policy review request on sustainable financing for the resident coordinator system and also the second report of the Secretary-General on repositioning the United Nations development system.

19. The objectives of the study were to review the financing of the resident coordinator system and the implementation of the United Nations Development Group cost-sharing agreement, the degree of compliance across the Group, based on General Assembly resolution 70/221, and the elaboration of proposals for the further development of the cost-sharing agreement, in order to address the effective needs of the system in the context of supporting the implementation of the 2030 Agenda for Sustainable Development.

20. The review was conducted by Dalberg Global Development Advisors and concluded in early August 2017. It was organized around three topics: (a) the overall coordination budget; (b) the formulae for cost-sharing and allocating the funds among the entities of the United Nations Development Group; and (c) processes and reporting on the cost-sharing agreement.

21. With regard to the overall coordination budget, the review found that it was insufficient for current or future needs, noting that (a) the budget was well below the spending and estimated needs laid out in the independent baseline study on the resident coordinator system funding modalities, conducted in 2012, which included a review of the budget; (b) resources had declined since 2011, while functions had remained the same or increased and many resident coordinator offices were compelled to raise funds from local cost-sharing arrangements or from donors; (c) many stakeholders had indicated in interviews that they believed the resident coordinator system to be underfunded, while none believed it to be sufficiently funded; (d) funding for development coordination was much lower than for humanitarian coordination; and (e) delivering on Agenda 2030 would require even greater levels of coordination from the United Nations development system than in the past.

22. The consultants found that given that cost-sharing provided for only one to two staff positions per resident coordinator office and only $50,000-$120,000 for general operating expenses and United Nations country team joint activities, there were few straightforward efficiency gains to be achieved. However, there might be room to shift effort and resources to highest-value activities, particularly strategic analysis and planning and joint resource mobilization, which were viewed as the most important coordination functions and currently received less attention than their importance would suggest they should, while general oversight and coordination consumed more time relative to their perceived importance.

23. With regard to the formulae for cost-sharing among the entities of the United Nations Development Group, the consultants confirmed the validity of the three components of the current cost-sharing formula, consisting of: (a) a base fee, (b) system load based on the number of countries in which entities operated and (c) the size of the entity, noting that any acceptable formula needed to include a balance between those three components. They also found that a fee-for-service model was not appropriate, given that all but one of the coordination functions could not be divided into services attributable to specific Group entities.

24. The consultants found that while most members of the United Nations Development Group had paid their expected contributions in full, the fact that a few entities had only contributed reduced amounts and particularly since the Secretariat had not yet contributed to the cost-sharing, the financial sustainability of the resident coordinator system had been weakened. The United Nations Development Operations Coordination Office had been able to cover for the payments that had not been made by using a balance from donor funding received prior to 2014, but that balance was expected to run out by the end of 2017. If further funding was not secured, the resident coordinator system would have to make budget cuts at all levels, which would result in reduced capacity for coordination.

25. With regard to the participation of Secretariat entities in the cost-sharing formula, the consultants noted that three of them were small headquarters-based offices that only made limited demands at the country level, namely the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, the Office of the Special Adviser on Africa and the Special Representative of the Secretary-General for Children and Armed Conflict. They further noted that there was no apparent logic behind

applying only one base fee across all 14 Secretariat entities, since each was a member of the United Nations Development Group in its own right and each participated separately in United Nations Development Assistance Frameworks and in country teams at the country level.

26. With regard to the processes and reporting on the cost-sharing agreement, the consultants found that the process for invoicing the member entities of the United Nations Development Group functioned well overall, even though the United Nations Development Operations Coordination Office did have to follow up with some entities in order to collect payment. The process for the distribution of funds to countries and the regional Group teams worked well. Members of the Group mostly appreciated the annual Group results report, but it was not well known at the country level.

V. Comprehensive proposal on further improvements to the resident coordinator system

27. In paragraph 58 of its resolution 71/243, the General Assembly requested the Secretary-General to prepare a comprehensive proposal on further improvements to the resident coordinator system administered by UNDP, with a view to ensuring, at all levels, sufficient leadership and prerogative over the United Nations country teams, as well as impartiality, independence, funding and a proper dispute resolution mechanism, and to present it to the Economic and Social Council at the end of 2017 for its review and recommendations and to the General Assembly at its seventy-second session for further action.

28. Pursuant to General Assembly resolution 71/243, the Secretary-General submitted his first report on the repositioning of the United Nations development system entitled "Repositioning the United Nations development system to deliver on the 2030 Agenda — ensuring a better future for all" in June 2017, which put forward his vision and initial proposals for strengthening the leadership of resident coordinators and reasserting their authority and impartiality over the work of United Nations country teams as they support Governments to deliver on the 2030 Agenda.

29. The Secretary-General is proceeding, in consultation with Member States and the United Nations development system, with further analysis, in order to present to Member States more detailed proposals for improving the resident coordinator system, including future financing and funding arrangements, as part of his second report on the repositioning of the development system, which will be delivered to the Economic and Social Council at the end of 2017 for its review and recommendations and to the General Assembly at its seventy-second session for further action.

VI. Interim United Nations Development Group cost-sharing agreement for the biennium 2018-2019

30. The forthcoming comprehensive proposals of the Secretary-General on further improvements to the resident coordinator system are likely to have implications for the future funding of the system. Recognizing that the continuity of operations of the resident coordinator system at the country, regional and global level is critical and that it depends on all member entities of the United Nations Development Group paying their contributions in full and on time, the Chair of the Group has proposed an interim arrangement for the 2018-2019 biennium.

31. The global budget will be maintained at zero growth and continue to amount to $127.2 million annually for the biennium 2018-2019. UNDP, as manager and host of the resident coordinator system, will continue to fund the "backbone" costs of the system at the global, regional and country levels, amounting to some $90 million annually, while the remaining costs of $37.2 million are shared among 19 United Nations Development Group member organizations, including UNDP.

32. Consequently, for the biennium 2018-2019, the member entities of the United Nations Development Group are expected to contribute the same annual amount that they were expected to contribute in 2017. The executive heads of the member entities have agreed to this interim agreement to ensure continuity of operations of the resident coordinator system until the comprehensive proposal of the Secretary-General on further improvements to the resident coordinator system have been considered by the General Assembly at its seventy-second session.

VII. Proposed contribution of the United Nations Secretariat to the resident coordinator system

33. The funding structure for the resident coordinator system for 2017 is set out in tables 1 and 2, which provide a breakdown of the annual allocations to the country, regional and global levels by UNDP and the United Nations Development Group. As the principals of the Group agreed as an interim measure to maintain for the biennium 2018-2019 the annual agency contributions to the cost-sharing formula for the resident coordinator system at the 2017 levels, the funding structure for the biennium 2018-2019 will follow the 2017 model shown in tables 1 and 2, with some necessary adjustments to accommodate this approach and as recommended by Dalberg in its recently completed review. A structured model of the standard capacity in each country category is set out in table 3. The application of the cost-sharing formula to derive the contribution of the United Nations Secretariat to the overall requirements of the resident coordinator system is set out in table 4.

34. Taking into consideration tables 1 and 2 below, the total UNDP backbone allocation amounts to $90 million and the total United Nations Development Group portion amounts to $37.20 million, making a grand total of $127.20 million.

Table 1
Funding structure for the resident coordinator system, 2017[1]
(United Nations country team support)

(Millions of United States dollars)

Category	*Number of countries*	*Global cost*	*UNDP backbone allocation*	*United Nations Development Group portion*
Resident coordinator system support to countries				
Staff costs			60.18	
Non-staff costs			12.53	
Total	**131**		**73.71**	

[1] The funding structure will remain the same for the biennium 2018-2019.

Category	*Number of countries*	*Global cost*	*UNDP backbone allocation*	*United Nations Development Group portion*
Countries in complex crisis situations				
Staff costs		13.99		
Non-staff costs		3.19		
Total	**28**	**17.18**		
Low-income countries				
Staff costs		4.69		
Non-staff costs		3.80		
Total	**36**	**8.48**		
Low middle-income countries				
Staff costs		7.60		
Non-staff costs		2.62		
Total	**47**	**10.22**		
High middle-income countries				
Staff costs		1.79		
Non-staff costs		0.82		
Total	**14**	**2.61**		
Net-contributing countries				
Non-staff costs		0.84		
Total	**6**	**0.84**		
Total, United Nations country team support	**131**	**39.33**	**12.88**	**26.45**

Table 2
Funding structure for the resident coordinator system, 2017[2] (regional and global support)

(Millions of United States dollars)

Category	*Number of posts*	*Global cost*	*UNDP backbone allocation*	*United Nations Development Group portion*
Regional support				
Staff costs		3.00		
Non-staff costs		0.60		
Total	**12**	**3.60**	**1.59**	**2.01**
Global support				
Staff costs		6.80		
Non-staff costs		3.75		
Total	**27**	**10.55**	**1.82**	**8.73**

[2] The funding structure will remain the same for the biennium 2018-2019.

Table 3
Resident coordinator system standard structure model for the United Nations Development Group cost-sharing arrangement

Category	*Capacity*
Countries in complex crisis situations	P-5
	P-3
	NPO-C[a]
	General operating expenses: $120,000
Low-income countries	NPO-C
	NPO-B
	General operating expenses: $100,000
Low middle-income countries	NPO-C
	NPO-B
	General operating expenses: $50,000
High middle-income countries	NPO-C
	General operating expenses: $50,000
Net-contributing countries	General operating expenses: $120,000
Multi-United Nations country team operations[b]	Additional general operating expenses: $50,000
Regional United Nations Development Group teams	P-4
	P-3
	General operating expenses: $100,000
Global work of the United Nations Development Group, including its secretariat	27 positions
	Global support budget: $3,750,000

Abbreviations: NPO, National Professional Officer.

[a] United Nations country teams will be requested to undertake a team approach to monitoring and evaluation and to share the costs for the National Professional Officer (NPO-C) function that will support the resident coordinator in coordinating the team approach. The funding requirements for the NPO-C function are not included in this budget.

[b] The category "Multi-United Nations country team operations" refers to two resident coordinators and resident coordinator offices that support more than one United Nations country team. A total of 131 United Nations country teams are supported across five country categories.

Table 4
Cost-sharing formula for deriving the United Nations Secretariat contribution to the requirements of the resident coordinator system

(United States dollars)

United Nations Secretariat contribution	*2018*	*2019*[3]	*Total*
Step 1. Base fee			
A base fee of $350,000 for entities with an average annual expenditure in 2012-2013 greater than $500 million	350 000	350 000	700 000
Step 2. Entity size in terms of expenditures and staff count			
50 per cent of "b" is prorated by the ratio of the average expenditure and 50 per cent by the ratio of staff count			
(a) Expenditure: d*(b/4)	1 746 712	1 746 712	3 493 424

[3] The amounts for 2018 and 2019 are identical, reflecting the amount for 2017.

United Nations Secretariat contribution	*2018*	*2019*[3]	*Total*
(b) Staff size: f*(b/4)	1 581 217	1 581 217	3 162 434
Subtotal, step 2	**3 327 929**	**3 327 929**	**6 655 858**
Step 3. System load			
Ratio of total number of UNDAFs entered into by United Nations Secretariat entities x 50 per cent of balance of net expenditures to be shared by members of UNDG			
(b/2)*h	3 107 992	3 107 992	6 215 984
Total, United Nations Secretariat contribution	**6 785 921**	**6 785 921**	**13 571 800**
Percentage of total expenditures to be shared	18.2 per cent	18.2 per cent	18.2 per cent
Breakdown of factors used in cost-sharing formula	*2018*	*2019*	
a. Total expenditures to be shared by members of UNDG	37 200 482	37 200 482	
b. Balance of total expenditures to be shared by members of UNDG net of base fees. 50 per cent of this balance will be distributed under step 2. The remaining 50 per cent will be distributed based on step 3	32 350 482	32 350 482	
c. United Nations Secretariat average expenditure in 2012-2013	4 186 239	4 186 239	
d. Ratio of United Nations Secretariat average expenditure to total average expenditure of UNDG of $19,383,107 in 2012-2013	21.6 per cent	21.6 per cent	
e. United Nations Secretariat staff count	7 023	7 023	
f. Ratio of United Nations Secretariat staff count to total staff count of members of UNDG (35,921)	19.6 per cent	19.6 per cent	
g. Number of UNDAFs entered into by United Nations Secretariat entities in 2013[a]	318	318	
h. Ratio of number of UNDAFs entered into by United Nations Secretariat entities to total staff count of members of UNDG (1,655)	19.2 per cent	19.2 per cent	

Abbreviations: UNDAF, United Nations Development Assistance Frameworks; UNDG, United Nations Development Group.

* Indicates multiplication.

[a] The number of United Nations Development Assistance Frameworks entered into by United Nations Secretariat entities during 2013 was 318, broken down as follows: Department of Economic and Social Affairs (3), Department of Public Information (14), Office for the Coordination of Humanitarian Affairs (21), regional commissions (34), Office of the United Nations High Commissioner for Human Rights (63), United Nations Office on Drugs and Crime (64), United Nations Human Settlements Programme (56) and United Nations Environment Programme (63).

VIII. Conclusions and recommendations

35. In accordance with the proposed total United Nations Secretariat contribution reflected in table 4 above, the General Assembly is requested to appropriate an amount of $13,571,800 for the biennium 2018-2019. This is to ensure continuity of operations of the resident coordinator system.

36. The cost-sharing contributions for subsequent bienniums will be informed by the comprehensive proposal of the Secretary-General on further improvements to the resident coordinator system, which will be presented to the Economic and Social Council at the end of 2017 for its review and recommendations and to the General Assembly at its seventy-second session for further action. The contribution will be

provided to the United Nations Development Group on an annual basis in January, under grant arrangements.

IX. Actions to be taken by the General Assembly

37. The General Assembly is requested to approve the contribution of the United Nations Secretariat to the resident coordinator system of $13,571,800, and in this regard decides to increase the appropriation of $13,321,574 under section 9, economic and social affairs, of the proposed programme budget for the biennium 2018-2019 (A/72/6 (Sect. 9)) by the amount of $250,226 as requested in the present report.

Annex

Cost-sharing formula of the United Nations Development Group for the resident coordinator system

The costs of the resident coordinator system are shared by member entities of the United Nations Development Group, as outlined in the review of funding modalities in support of the resident coordinator system.[1] The first funding cycle covered the biennium 2014-2015. The cost-sharing formula was updated for the 2016-2017 biennium. For the biennium 2018-2019, the principals of the Group agreed to maintain the respective annual agency contributions to the cost-sharing formula at the 2017 level, to ensure continuity of the resident coordinator system, as a review of the cost-sharing formula was under way. The present annex and the calculations herein therefore detail how the 2017 allocation was determined, on which the 2018 and 2019 contributions will be based.

As the manager of the resident coordinator system, UNDP continues to provide the "backbone" costs of the system at the global, regional and country levels, amounting to some $90 million annually. The remaining funding requirements of $35.9 million in 2016 and $37.2 million in 2017 are shared by the United Nations Development Group, including UNDP. Those amounts are based on the 2012 associated costs of the resident coordinator system, adjusted merely for changes in staff pro forma costs. For each year of the biennium 2018-2019, the amount established for 2017 will be utilized, as noted above, at $37.2 million to be cost-shared by the member entities of the Group.

All member entities of the United Nations Development Group participate in the cost-sharing arrangement based on the three-step formula set out below.

Step 1. Annual base fee

All members of the United Nations Development Group contribute to the annual base fee, as a reflection of the fact that the resident coordinator system is owned by and benefits all members of the United Nations development system and in recognition of the fact that all members place a minimum load on the system. It is determined as follows:

(a) $100,000 as a flat fee contribution for United Nations Development Group entities that do not carry out substantial operational activities at the country level. This shall apply to all entities with average annual expenditures of less than $100 million and/or representation in fewer than 10 United Nations Development Assistance Frameworks;

(b) $175,000 for United Nations Development Group entities with average annual expenditures of less than $500 million;

(c) $350,000 for agencies with average annual expenditures of more than $500 million.

These funding thresholds will be regularly reviewed and adjusted as necessary.

United Nations Secretariat entities will be contributing with a single combined base fee equivalent to the base fee for agencies with average annual expenditures of more than $500 million.

The annual expenditures of United Nations Development Group entities are drawn from the financial statistics used by the United Nations System Chief

[1] See United Nations Development Group summary note of 22 May 2013 (annex 1).

Executives Board for Coordination (CEB). The average annual expenditures of Group entities are calculated on the basis of each entity's average expenditure in the two most recent years for which CEB data is available (i.e., 2012 and 2013 for contributions in 2016 and 2017).

According to step 1, the base fee contributions from United Nations Development Group member entities are deducted from the total funding requirement. The remaining funding requirement is equally distributed between step 2 and step 3, to which Group members with substantial operational activities (falling under step 1 (b) and (c) above) contribute.

Step 2. Agency staff size and expenditures

As a reflection of the principle of fairness and to ensure that agencies contribute according to their abilities, United Nations Development Group member entities, including the United Nations Secretariat, contribute in proportion to their share of total Group expenditures (step 2 (a)) and staff count (step 2 (b)).[2]

Humanitarian and peacekeeping expenditures and the loan portfolio of the International Fund for Agricultural Development (IFAD) shall be excluded from the calculation of agency size (step 2 (a)). Peacekeeping staff numbers shall also be excluded from the calculation of agency size (step 2 (b)).[2]

Agency expenditure statistics, including humanitarian expenditures, are drawn from the latest available financial statistics used by CEB, reflecting each entity's average expenditure in the two most recent years, for which data is available (step 2 (a)).[2]

United Nations personnel statistics (step 2 (b))[2] are drawn from the latest CEB statistics for the staff of the organizations in the United Nations common system with appointments for a period of one year or more (i.e. as at 31 December 2013 for contributions in 2016 and 2017).

Step 3. System load

Step 3 recognizes that different entities place a different load on the system and gain different magnitudes of benefit.

United Nations Development Group member entities, including the United Nations Secretariat, contribute in proportion to the share of currently operational United Nations Development Assistance Frameworks and integrated strategic frameworks, in which they participate at the country level.

Current statistics on agency participation in United Nations Development Assistance Frameworks are provided by the United Nations Development Operations Coordination Office.

Participating United Nations entities

All United Nations Development Group member entities are expected to participate in the cost-sharing of the resident coordinator system: the Food and Agriculture Organizations of the United Nations, IFAD, the International Labour Organization, the International Organization for Migration, the International Telecommunication Union, the Joint United Nations Programme on HIV/AIDS, UNDP, the United Nations Educational, Scientific and Cultural Organization, the United Nations Population Fund, the Office of the United Nations High Commissioner for Refugees, the United Nations Children's Fund, the United

[2] See table 4.

Nations Industrial Development Organization, the United Nations Office for Project Services, the United Nations Secretariat,[3] the United Nations Entity for Gender Equality and the Empowerment of Women, the World Tourism Organization, the World Food Programme, the World Health Organization and the World Meteorological Organization.

United Nations entities joining the United Nations Development Group in the wake of the Group membership reform will be expected to contribute, starting in the year that they become members or at the first budgetary opportunity thereafter.

[3] The United Nations Secretariat represents 14 members of the United Nations Development Group. They are: the Office of the United Nations High Commissioner for Human Rights, the United Nations Conference on Trade and Development, the Department of Economic and Social Affairs, the Economic Commission for Africa, the Economic Commission for Europe, the Economic Commission for Latin America and the Caribbean, the Economic and Social Commission for Asia and the Pacific, the Economic and Social Commission for Western Asia, the United Nations Environment Programme, the United Nations Human Settlements Programme, the United Nations Office on Drugs and Crime, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, the Office of the Special Adviser on Africa and the Office of the Special Representative of the Secretary-General for Children and Armed Conflict.

Table 1

United Nations Development Group member statistics[a]

(United States dollars)

UNDG member	*Average expenditure, 2012-2013 (excluding humanitarian)*	*Share of UNDG expenditure, 2012-2013 (excluding humanitarian) (percentage)*	*Staff count, 2013 (excluding humanitarian)*	*Share of UNDG staff count, 2013 (excluding humanitarian) (percentage)*	*Number of UNDAFs, 2013*	*Share of UNDG UNDAFs, 2013 (percentage)*
FAO	946 875	4.9	2 263	6.3	112	6.8
IFAD	186 533	1.0	510	1.4	36 (34)[b]	2.2
ILO	676 538	3.5	2 287	6.4	105	6.3
ITU	217 068	–	752	–	10	–
UNAIDS	205 254	1.1	673	1.9	93	5.6
UNDP	5 244 443	27.1	6 285	17.5	122	7.4
UNESCO	810 019	4.2	2 038	5.7	112	6.8
UNFPA	862 025	4.4	1 784	5.0	122	7.4
UNHCR	–	0.0	–	0.0	91	5.5
UNICEF	2 933 864	15.1	6 191	17.2	122	7.4
UNIDO	323 060	1.7	617	1.7	89	5.4
UNOPS	327 175	1.7	341	1.0	32	1.9
United Nations Secretariat	4 186 239	21.6	7 023	19.6	318	19.2
UN-Women	249 993	1.3	543	1.5	94	5.7
UNWTO	24 507	–	96	–	7	–
WFP	438 983	2.3	411	1.1	85	5.1
WHO	1 992 108	10.3	4 954	13.8	122	7.4
WMO	89 362	–	280	–	4	–
Subtotal	**19 714 044**	**100.0**	**37 049**	**100.0**	**1 676**	**100.0**
Deductions	330 937		1 128		21	
Total	**19 383 107**	**100.0**	**35 921**	**100.0**	**1 655**	**100.0**

Note: The 2012-2013 statistics provided by United Nations entities to the United Nations System Chief Executives Board for Coordination were the latest available complete set of statistics available as at the end of 2014, when the calculations for the 2016-2017 funding cycle needed to be submitted to the respective agency governing bodies.

Abbreviations: UNDG, United Nations Development Group; UNDAFs, United Nations Development Assistance Frameworks; FAO, Food and Agriculture Organization of the United Nations; IFAD, International Fund for Agricultural Development; ILO, International Labour Organization; ITU, International Telecommunication Union; UNAIDS, Joint United Nations Programme on HIV/AIDS; UNDP, United Nations Development Programme; UNESCO, United Nations Educational, Scientific and Cultural Organization; UNFPA, United Nations Population Fund; UNHCR, Office of the United Nations High Commissioner for Refugees; UNICEF, United Nations Children's Fund; UNIDO, United Nations Industrial Development Organization; UNOPS, United Nations Office for Project Services; UN-Women, United Nations Entity for Gender Equality and the Empowerment of Women; UNWTO, World Tourism Organization; WFP, World Food Programme; WHO, World Health Organization; WMO, World Meteorological Organization.

[a] Based on submissions to the United Nations System Chief Executives Board for Coordination for 2012-2013.

[b] Number in brackets reflects adjusted figure.

Table 2
United Nations Development Group member contributions, 2016
(United States dollars)

UNDG member	Step 1: Base fee	Step 2: Agency size		Step 3: System load	Total contribution 2016	Share of total
		(a) Expenditure (excluding humanitarian)	(b) Staff count (excluding humanitarian)			
FAO	350 000	379 721	489 787	1 052 072	2 271 580	6.4
IFAD[a]	175 000	74 805	110 361	338 166	698 331 (679 931)	2.0
ILO	350 000	271 309	494 891	986 318	2 102 518	5.9
ITU	100 000	–	–	–	100 000	0.3
UNAIDS	175 000	82 312	145 633	873 596	1 276 541	3.6
UNDP[b]	350 000	2 103 156	1 360 031	1 146 007	4 959 195	13.9
UNESCO	350 000	324 838	441 009	1 052 072	2 167 920	6.1
UNFPA	350 000	345 694	386 046	1 146 007	2 227 747	6.2
UNHCR	350 000	–	–	854 809	1 204 809	3.4
UNICEF	350 000	1 176 555	1 339 643	1 146 007	4 012 205	11.2
UNIDO	175 000	129 555	133 515	836 022	1 274 092	3.6
UNOPS	350 000	131 205	73 863	300 592	855 661	2.4
United Nations Secretariat	350 000	1 678 789	1 519 730	2 987 134	6 535 653	18.3
UN-Women	175 000	100 253	117 502	882 989	1 275 744	3.6
UNWTO	100 000	–	–	–	100 000	0.3
WFP	350 000	176 043	89 019	798 448	1 413 510	3.5
WHO	350 000	798 886	1 072 095	1 146 007	3 366 989	9.4
WMO	100 000	–	–	–	100 000	0.3
Total	**4 850 000**	**7 773 124**	**7 773 124**	**15 546 248**	**35 942 495**	**100.0**

Abbreviations: UNDG, United Nations Development Group; FAO, Food and Agriculture Organization of the United Nations; IFAD, International Fund for Agricultural Development; ILO, International Labour Organization; ITU, International Telecommunication Union; UNAIDS, Joint United Nations Programme on HIV/AIDS; UNDP, United Nations Development Programme; UNESCO, United Nations Educational, Scientific and Cultural Organization; UNFPA, United Nations Population Fund; UNHCR, Office of the United Nations High Commissioner for Refugees; UNICEF, United Nations Children's Fund; UNIDO, United Nations Industrial Development Organization; UNOPS, United Nations Office for Project Services; UN, United Nations; UN-Women, United Nations Entity for Gender Equality and the Empowerment of Women; UNWTO, World Tourism Organization; WFP, World Food Programme; WHO, World Health Organization; WMO, World Meteorological Organization.

[a] The IFAD adjusted contribution based on participation in 34 United Nations Development Assistance Frameworks in 2013 is reflected in brackets.

[b] The UNDP contribution to the United Nations Development Group cost-sharing modality comes in addition to UNDP funding of the resident coordinator system "backbone", which amounts to approximately $88 million annually.

Table 3
United Nations Development Group member contributions, 2017
(United States dollars)

		Step 2: Agency size				
UNDG member	*Step 1: Base fee*	*(a) Expenditure (excluding humanitarian)*	*(b) Staff count (excluding humanitarian)*	*Step 3: System load*	*Total contribution 2017*	*Share of total*
FAO	350 000	395 084	509 603.34	1 094 639	2 349 326	6.3
IFAD[a]	175 000	77 831	114 825.68	351 848	719 505 (700 360)	1.9
ILO	350 000	282 286	514 914.39	1 026 224	2 173 424	5.8
ITU	100 000	–	–	–	100 000	0.3
UNAIDS	175 000	85 642	151 524.87	908 941	1 321 108	3.6
UNDP[b]	350 000	2 188 249	1 415 057.70	1 192 374	5 145 681	13.8
UNESCO	350 000	337 981	458 852.44	1 094 639	2 241 472	6.0
UNFPA	350 000	359 681	401 664.75	1 192 374	2 303 720	6.2
UNHCR	350 000	–	–	889 394	1 239 394	3.3
UNICEF	350 000	1 224 157	1 393 844.26	1 192 374	4 160 376	11.2
UNIDO	175 000	134 797	138 916.56	869 847	1 318 560	3.5
UNOPS	350 000	136 514	76 851.47	312 754	876 119	2.4
United Nations Secretariat	350 000	1 746 712	1 581 217.22	3 107 992	6 785 921	18.2
UN-Women	175 000	104 310	122 255.58	918 715	1 320 280	3.5
UNWTO	100 000	–	–	–	100 000	0.3
WFP	350 000	183 166	92 620.39	830 753	1 456 539	3.9
WHO	350 000	831 209	1 115 471.84	1 192 374	3 489 055	9.4
WMO	100 000	–	–	–	100 000	0.3
Total	**4 850 000**	**8 087 621**	**8 087 621**	**16 175 241**	**37 200 482**	**100.0**

Abbreviations: UNDG, United Nations Development Group; FAO, Food and Agriculture Organization of the United Nations; IFAD, International Fund for Agricultural Development; ILO, International Labour Organization; ITU, International Telecommunication Union; UNAIDS, Joint United Nations Programme on HIV/AIDS; UNDP, United Nations Development Programme; UNESCO, United Nations Educational, Scientific and Cultural Organization; UNFPA, United Nations Population Fund; UNHCR, Office of the United Nations High Commissioner for Refugees; UNICEF, United Nations Children's Fund; UNIDO, United Nations Industrial Development Organization; UNOPS, United Nations Office for Project Services; UN, United Nations; UN-Women, United Nations Entity for Gender Equality and the Empowerment of Women; UNWTO, World Tourism Organization; WFP, World Food Programme; WHO, World Health Organization; WMO, World Meteorological Organization.

[a] The IFAD adjusted contribution based on participation in 34 United Nations Development Assistance Frameworks in 2013 is reflected in brackets.

[b] The UNDP contribution to the United Nations Development Group cost-sharing modality comes in addition to UNDP funding of the resident coordinator system backbone, which amounts to approximately $90 million annually.